GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1332
ANSWERED ON:09.02.2017
Power Procurement Costs
Gopalakrishnan Shri R.

Will the Minister of POWER be pleased to state:

(a) whether the power procurement costs have risen due to higher coal prices and clean energy cess;

(b) if so, the details thereof and the reasons therefor;

(c) whether this has resulted in wiping out the expected gains under UDAY scheme; and

(d) if so, the details thereof and the corrective measures taken by the Government in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL, NEW & RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a) & (b) : The cost of generation in a thermal power station varies depending on parameters like type of fuel, source of fuel, location of plants, size of the unit, technology of the plant and plant efficiency. The increase in energy charges are directly proportional to increase in fuel price. Further, the power procurement cost depends on the energy scheduled by the beneficiaries/discoms from the station.

(c) : Variation in coal prices is normally a pass-through by way of Fuel Price Adjustment formula specified by Appropriate Commission. Therefore, variation in coal price is not expected to have any impact on operational and financial performance of DISCOMs as far as Ujwal DISCOM Assurance Yojana (UDAY) is concerned.

(d) : Through appropriate policy framework and programmes, the Government is promoting efficiency in generation, transmission and distribution business as also supporting strengthening of the distribution and transmission infrastructure, with a view to reducing the Aggregate Technical and Commercial (AT&C) losses. These measures, along with the Government's emphasis on discovery of tariff through competitive bidding, contribute towards lowering of tariff rates.

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